



Dave Yost • Auditor of State

VILLAGE OF DILLONVALE
JEFFERSON COUNTY

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Village of Dillonvale
Jefferson County
P.O. Box 546
Dillonvale, Ohio 43917

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Village of Dillonvale, Jefferson County, (the Village) as of and for the years ended December 31, 2016 and 2015.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Government's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statements in 2015 and Note 2 in 2016, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Village does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2016 and 2015, or changes in financial position.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Village of Dillonvale, Jefferson as of December 31, 2016 and 2015, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 21, 2017, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Dave Yost
Auditor of State
Columbus, Ohio

August 21, 2017

**VILLAGE OF DILLONVALE
JEFFERSON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2016**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$57,329	\$24,489	\$81,818
Intergovernmental	36,795	32,929	69,724
Charges for Services	1,404		1,404
Fines, Licenses and Permits	17,843	1,019	18,862
Earnings on Investments	780	2	782
Miscellaneous	8,383		8,383
<i>Total Cash Receipts</i>	<u>122,534</u>	<u>58,439</u>	<u>180,973</u>
Cash Disbursements			
Current:			
Security of Persons and Property	41,961	9,148	51,109
Public Health Services	1,000	13,791	14,791
Leisure Time Activities	13,210		13,210
Transportation	9,677	29,460	39,137
General Government	54,770	0	54,770
Debt Service:			
Principal Retirement	10,159	2,680	12,839
Interest and Fiscal Charges	340	187	527
<i>Total Cash Disbursements</i>	<u>131,117</u>	<u>55,266</u>	<u>186,383</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(8,583)</u>	<u>3,173</u>	<u>(5,410)</u>
Other Financing Receipts (Disbursements)			
Transfers In	19		19
Transfers Out	(768)		(768)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(749)</u>	<u>0</u>	<u>(749)</u>
<i>Net Change in Fund Cash Balances</i>	(9,332)	3,173	(6,159)
<i>Fund Cash Balances, January 1</i>	<u>141,450</u>	<u>17,133</u>	<u>158,583</u>
Fund Cash Balances, December 31			
Restricted	-	20,306	20,306
Assigned	129,788		129,788
Unassigned (Deficit)	2,330		2,330
<i>Fund Cash Balances, December 31</i>	<u>\$132,118</u>	<u>\$20,306</u>	<u>\$152,424</u>

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF DILLONVALE
JEFFERSON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Proprietary Fund Types	Fiduciary Fund Types	Totals
	Enterprise	Agency	(Memorandum Only)
Operating Cash Receipts			
Charges for Services	\$219,835		\$219,835
Fines, Licenses and Permits		\$12,226	12,226
<i>Total Operating Cash Receipts</i>	<u>219,835</u>	<u>12,226</u>	<u>232,061</u>
Operating Cash Disbursements			
Personal Services	82,630		82,630
Employee Fringe Benefits	11,579		11,579
Contractual Services	1,251		1,251
Supplies and Materials	65,300		65,300
Other	2,139	12,226	14,365
<i>Total Operating Cash Disbursements</i>	<u>162,899</u>	<u>12,226</u>	<u>175,125</u>
<i>Operating Income (Loss)</i>	<u>56,936</u>	<u>0</u>	<u>56,936</u>
Non-Operating Receipts (Disbursements)			
Special Assessments	494		494
Earnings on Investments (proprietary funds only)	50		50
Miscellaneous Receipts	75		75
Principal Retirement	(24,861)		(24,861)
Interest and Other Fiscal Charges	(33,457)		(33,457)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(57,699)</u>	<u>0</u>	<u>(57,699)</u>
<i>Income (Loss) before Transfers and Advances</i>	(763)	0	(763)
Transfers In	55,866		55,866
Transfers Out	(55,116)		(55,116)
<i>Net Change in Fund Cash Balances</i>	(13)	0	(13)
<i>Fund Cash Balances, January 1</i>	<u>214,963</u>	<u>270</u>	<u>215,233</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$214,950</u></u>	<u><u>\$270</u></u>	<u><u>\$215,220</u></u>

The notes to the financial statements are an integral part of this statement.

Village of Dillonvale, Ohio
Jefferson County
Notes to the Financial Statements
For the Year Ended December 31, 2016

NOTE 1 - REPORTING ENTITY

The Village of Dillonvale, Jefferson County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides water and sanitation utilities, park operations, and police services. The Village contracts with Dillonvale Volunteer Fire Department and Dillonvale Emergency Medical Services to provide protection and emergency services.

Joint Ventures, Jointly Governed Organizations, Public Entity Risk Pools and Related Organizations

The Village participates in a public entity risk pool and is associated with a related organization. Note 6 to the financial statements provide additional information for these entities. This organization is:

Ohio Municipal Joint Self-Insurance Pool:

The Ohio Municipal Joint Self-Insurance Pool is a risk sharing pool that the Village uses to provide property and casualty insurance for the Village.

The Village's management believes these financial statements present all activities for which the Village is financially accountable.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary fund types which are organized on a fund type basis.

Fund Accounting

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

Street Construction Maintenance and Repair The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

Village of Dillonvale, Ohio
Jefferson County
Notes to the Financial Statements
For the Year Ended December 31, 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Dillonvale EMS / Dillonvale VFD Levy- this fund receives levy moneys to pay the Dillonvale Emergency Medical Service and Dillonvale Volunteer Fire Department for providing the Village emergency services and fire protection

Enterprise Funds These funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Village had the following significant Enterprise Funds:

Water Fund The water fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

Sanitation fund- This fund receives charges for services from residents to cover sanitation service costs.

USDA Loan fund- This is a bond fund that is used to repay the bonded debt of the village's waterline replacement project. Money is transferred from the Water fund to pay the bonded debt for this fund.

Fiduciary Funds Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs.

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village's agency fund accounts for all monies received and disbursed through the Mayors Court and unclaimed monies.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

Budgetary Process

The Ohio Revised Code requires that each be budgeted annually.

Village of Dillonvale, Ohio
Jefferson County
Notes to the Financial Statements
For the Year Ended December 31, 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

Estimated Resources Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must approve estimated resources.

Encumbrances The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated

A summary of 2016 budgetary activity appears in Note 3.

Deposits and Investments

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Nonspendable The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

Restricted Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Village of Dillonvale, Ohio
Jefferson County
Notes to the Financial Statements
For the Year Ended December 31, 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Committed Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

NOTE 3 - BUDGETARY ACTIVITY

Budgetary activity for the year ending December 31, 2016 follows:

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$124,906	\$122,553	(\$2,353)
Special Revenue	55,002	58,439	\$3,437
Enterprise	268,837	276,320	\$7,483
Total	\$448,745	\$457,312	\$8,567

2016 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$273,619	\$131,885	\$141,734
Special Revenue	71,312	55,266	16,046
Enterprise	482,437	276,333	206,104
Total	\$827,368	\$463,484	\$363,884

Village of Dillonvale, Ohio
Jefferson County
Notes to the Financial Statements
For the Year Ended December 31, 2016

NOTE 4 – DEPOSITS AND INVESTMENTS

The Village maintains a deposit and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31 was as follows:

	<u>2016</u>
Demand deposits	\$178,939
Certificates of deposit	100,367
Total deposits	<u>279,306</u>
Money Market	66,844
STAR Ohio	21,494
Total investments	<u>88,338</u>
Total deposits and investments	<u><u>\$367,644</u></u>

Deposits: Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by the financial institution’s public entity deposit pool.

Investments : Investments in STAR Ohio and mutual funds are not evidenced by securities that exist in physical or book-entry form.

NOTE 5 – TAXES

Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Village.

NOTE 6 - RISK MANAGEMENT

Workers’ Compensation coverage is provided by the State of Ohio. The Village pays the State Workers’ Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs (if material).

Village of Dillonvale, Ohio
Jefferson County
Notes to the Financial Statements
For the Year Ended December 31, 2016

NOTE 6 - RISK MANAGEMENT (Continued)

Risk Pool Membership

The Village is a member of the Ohio Municipal Joint Self Insurance Pool (the Pool), an unincorporated non-profit association to municipal corporations and their instrumentalities. The Pool is a separate legal entity per section 2744 of the Ohio Revised Code. The Pool provides property and casualty insurance for its members. The Pool pays judgments, settlements and other expenses resulting for covered claims that exceed the member's deductibles.

The Pool cedes portions of its gross contribution written to a reinsures under excess reinsurance agreements in order to limit its losses. Treaty basis excess-of-loss contracts in force protect the Pool against losses over the retention level; at March 31, 2016, retention levels are \$50,000 and \$100,000 for property and casualty coverage's, respectively.

The Pool remains liable to the extent the re insuring companies are unable to meet their contractual obligations under reinsurance agreements.

The Pool's financial statements (audited by other auditors) conform with generally accepted accounting principles, and reported to the following assets, liabilities, and retained surplus at March 31, 2016

	<u>2016</u>
Assets	\$1,272,799
Liabilities	<u>\$821,016</u>
Accumulated Surplus	<u>45,783</u>

NOTE 7 - DEFINED BENEFIT PENSION PLANS

Ohio Public Employees Retirement System

Twenty five employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10%, of their gross salaries and the Village contributed an amount equaling 14%, of participants' gross salaries. The Village has paid all contributions required through December 31, 2016.

Social Security

Four of the Village's employees contributed to social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2016.

Village of Dillonvale, Ohio
Jefferson County
Notes to the Financial Statements
For the Year Ended December 31, 2016

NOTE 8 – DEBT

Debt outstanding at December 31, 2016 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Police Cruiser Loan	\$1,574	3.57%
Backhoe Loan	\$14,010	3.08%
OPWC Water Tank Replacement Loan	7,584	4.41%
Water Mortgage Revenue Bonds	708,900	4.13%
USDA Note for Garbage Packer	11,700	3.75%
Total:	<u>\$743,768</u>	

The Police Cruiser Loan was for the purchase of a new police cruiser for the Village Police Department. The loan is collateralized by the equipment purchased.

The Backhoe Loan was for the purchase of a used backhoe to be used by the Village Street and Utility Departments. The loan is collateralized by the equipment purchased.

The Ohio Public Works Commission (OPWC) Water Tank Replacement Loan is an interest free loan for a water tank construction project. The loan will be repaid in Semi-annual installments of \$632 over 8 years with user charges.

Water Mortgage Revenue Bond Covenant requires the Village to establish and fund a reserve fund, included as an enterprise debt service fund. The Balance in the fund at December 31, 2016 is \$708,900. The Village has agreed to set water rates sufficient to cover the revenue bond debt service requirements.

The United States Department of Agriculture (USDA) Garbage Packer Notes was issued for the purchase of a new Garbage Packer. This will be repaid in nine annual instalments. The note is collateralized by full faith and credit of the Village

Village of Dillonvale, Ohio
Jefferson County
Notes to the Financial Statements
For the Year Ended December 31, 2016

NOTE 8 – DEBT (Continued)

Amortization

Amortization of the above debt, including interest, is scheduled as follows:

Year ending December 31:	<u>Backhoe Loan</u>	<u>Water Mortgage Revenue Bonds</u>	<u>OPWC Water Tank Replacement Loan</u>	<u>USDA Packer Bonds</u>	<u>Police Cruiser Loan</u>
2017	\$11,464	\$48,800	\$1,264	\$6,182	\$1,588
2018	2,866	48,940	1,264	6,247	
2019		48,939	1,264		
2020		48,902	1,264		
2021		48,929	2,528		
2022-2026		244,505			
2027-2031		244,566			
2032-2036		244,497			
2037-2040		195,673		0	0
Total	<u>\$14,330</u>	<u>\$1,173,751</u>	<u>\$7,584</u>	<u>\$12,429</u>	<u>\$1,588</u>

**VILLAGE OF DILLONVALE
JEFFERSON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2015**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$40,674	\$23,328	\$64,002
Intergovernmental	26,511	32,142	58,653
Charges for Services	1,899		1,899
Fines, Licenses and Permits	12,365	298	12,663
Earnings on Investments	1,199	2	1,201
Miscellaneous	5,159		5,159
<i>Total Cash Receipts</i>	<u>87,807</u>	<u>55,770</u>	<u>143,577</u>
Cash Disbursements			
Current:			
Security of Persons and Property	40,936	2,927	43,863
Public Health Services	0	13,402	13,402
Leisure Time Activities	6,184		6,184
Community Environment	3,861	49	3,910
Transportation	11,319	37,584	48,903
General Government	55,114		55,114
Debt Service:			
Principal Retirement	8,846	2,600	11,446
Interest and Fiscal Charges	698	260	958
<i>Total Cash Disbursements</i>	<u>126,958</u>	<u>56,822</u>	<u>183,780</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(39,151)</u>	<u>(1,052)</u>	<u>(40,203)</u>
Other Financing Receipts (Disbursements)			
Transfers Out	(1,171)	0	(1,171)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(1,171)</u>	<u>0</u>	<u>(1,171)</u>
<i>Net Change in Fund Cash Balances</i>	(40,322)	(1,052)	(41,374)
<i>Fund Cash Balances, January 1</i>	<u>181,772</u>	<u>18,185</u>	<u>199,957</u>
Fund Cash Balances, December 31			
Restricted	-	17,133	17,133
Assigned	139,813		139,813
Unassigned (Deficit)	1,637		1,637
<i>Fund Cash Balances, December 31</i>	<u>\$141,450</u>	<u>\$17,133</u>	<u>\$158,583</u>

**VILLAGE OF DILLONVALE
JEFFERSON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Proprietary Fund Types	Fiduciary Fund Types	Totals
	Enterprise	Agency	(Memorandum Only)
Operating Cash Receipts			
Charges for Services	\$215,639		\$215,639
Fines, Licenses and Permits		\$5,133	5,133
<i>Total Operating Cash Receipts</i>	<u>215,639</u>	<u>5,133</u>	<u>220,772</u>
Operating Cash Disbursements			
Personal Services	76,210		76,210
Employee Fringe Benefits	12,546		12,546
Contractual Services	5,429		5,429
Supplies and Materials	56,464		56,464
Other	995	5,133	6,128
<i>Total Operating Cash Disbursements</i>	<u>151,644</u>	<u>5,133</u>	<u>156,777</u>
<i>Operating Income (Loss)</i>	<u>63,995</u>	<u>0</u>	<u>63,995</u>
Non-Operating Receipts (Disbursements)			
Special Assessments	700		700
Earnings on Investments (proprietary funds only)	676		676
Principal Retirement	(24,704)		(24,704)
Interest and Other Fiscal Charges	(34,491)		(34,491)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(57,819)</u>	<u>0</u>	<u>(57,819)</u>
<i>Income)Loss) before Transfers and Advances</i>	6,176	0	6,176
Transfers In	56,264		56,264
Transfers Out	(55,094)		(55,094)
<i>Net Change in Fund Cash Balances</i>	7,346	0	7,346
<i>Fund Cash Balances, January 1</i>	<u>207,617</u>	<u>270</u>	<u>207,887</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$214,963</u></u>	<u><u>\$270</u></u>	<u><u>\$215,233</u></u>

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF DILLONVALE
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2015**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Dillonvale, Jefferson County, Dillonvale as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides general government services, water and sanitation utilities, park operations, and police services. The Village contracts with the Any County Sheriff's department to provide security of persons and property. The Village contracts with Dillonvale Volunteer Fire Department and Dillonvale Emergency Medical Services to provide protection and emergency services.

The Village participates in a public entity risk pool. Note 7 to the financial statements provides additional information for this entity. This organization is:

Ohio Municipal Joint Self-Insurance Pool:

The Ohio Municipal Joint Self-Insurance Pool is a risk sharing pool that the Village uses to provide property and casualty insurance for the Village.

The Village's management believes these financial statements present all activities for which the Village is financially accountable.

B. Accounting Basis

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

C. Deposits and Investments

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Money market mutual funds (including Star Ohio) are recorded at share values the mutual funds report.

D. Fund Accounting

The Village uses fund accounting to segregate cash and investments that are restricted as to use. The Village classifies its funds into the following types:

**VILLAGE OF DILLONVALE
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2015
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1. General Fund

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

2. Special Revenue Funds

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

Street Construction, Maintenance and Repair Fund - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining, and repairing Village streets.

Dillonvale EMS/Dillonvale VFD Levy – This fund receives levy moneys to pay the Dillonvale Emergency Medical Service and Dillonvale Volunteer Fire Department for providing the Village emergency services and fire protection.

3. Enterprise Funds

These funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Village had the following significant Enterprise Funds:

Water Fund - This fund receives charges for services from residents to cover water service costs.

Sanitation Fund - This fund receives charges for services from residents to cover sanitation service costs.

USDA Loan Fund – This is a bond fund that is used to repay the bonded debt of the Village's waterline replacement project. Money is transferred from the Water fund to pay the bonded debt from this fund.

4. Fiduciary Funds

Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs.

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village's agency funds account for all monies received and disbursed through the Mayor's Court and unclaimed monies.

VILLAGE OF DILLONVALE
JEFFERSON COUNTY

NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2015
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must approve estimated resources.

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2015 budgetary activity appears in Note 3.

F. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. Nonspendable

The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

2. Restricted

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

3. Committed

Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

VILLAGE OF DILLONVALE
JEFFERSON COUNTY

NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2015
(Continued)

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

4. **Assigned**

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

5. **Unassigned**

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

G. **Property, Plant, and Equipment**

The Village records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

H. **Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

2. **EQUITY IN POOLED DEPOSITS AND INVESTMENTS**

The Village maintains a deposit and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31 was as follows:

	2015
Demand deposits	\$182,928
Certificates of deposit	99,765
Total deposits	<u>282,693</u>
Money Market	69,743
STAR Ohio	21,380
Total investments	<u>91,123</u>
Total deposits and investments	<u><u>\$373,816</u></u>

Deposits: Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by the financial institution's public entity deposit pool.

Investments: Investments in STAR Ohio and mutual funds are not evidenced by securities that exist in physical or book-entry form.

**VILLAGE OF DILLONVALE
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2015
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the year ending December 31, 2015 follows:

Fund Type	2015 Budgeted vs. Actual Receipts		
	Budgeted	Actual	Variance
	Receipts	Receipts	
General	85,978	87,807	-1,829
Special Revenue	53,422	55,770	(2,348)
Enterprise	269,297	273,279	(3,982)
Total	\$408,697	\$416,856	(8,159)

Fund Type	2015 Budgeted vs. Actual Expenditures		
	Appropriation	Actual	Variance
	Authority	Expenditures	
General	267,750	128,129	139,621
Special Revenue	71,456	56,822	14,634
Enterprise	475,664	265,933	209,731
Total	\$814,870	\$450,884	363,986

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Village.

**VILLAGE OF DILLONVALE
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2015
(Continued)**

5. DEBT

Debt outstanding at December 31, 2015:

	Principal	Interest Rate
Backhoe Loan	\$24,876	3.08%
Police Cruiser Loan	5,256	3.57%
USDA Packer Bonds	\$17,200	4.13%
Water Mortgage Revenue Bonds	725,200	4.50%
OPWC Water Tank Replacement Loan	8,848	0%
Total	\$782,745.07	

The Backhoe Loan was for the purchase of a used backhoe to be used by the Village Street and Utility Departments. The loan is collateralized by the equipment purchased.

The Police Cruiser Loan was for the purchase of a new police cruiser for the village Police Department. The loan is collateralized by the equipment purchased.

The United States Department of Agriculture (USDA) Garbage Packer Bonds were issued for the purchase of a new garbage packer. This will be repaid in nine annual installments. The bonds are collateralized by the full faith and credit of the Village.

The Water Mortgage Revenue Bonds relate to a repayment of funds borrowed for a water improvement project. This will be repaid in annual installments of approximately \$48,900 including interest for 33 years with user charges. The Water Mortgage Revenue Bond Covenant requires the Village to establish and fund a reserve fund, included as an enterprise debt service fund. The balance in the fund at December 31, 2015 is \$55,397. The Village has agreed to set water rates sufficient to cover the revenue bond debt service requirements.

The Ohio Public Works Commission (OPWC) Water Tank Replacement Loan is an interest free loan for a water tank construction project. The loan will be repaid in semi-annual installments of \$632 over 8 years with user charges.

Amortization of the above debt, including interest, is scheduled as follows:

	Police Cruiser Loan	Backhoe Loan	USDA Garbage Packer Loan	Water Mortgage Revenue Bonds	OPWC Water Tank Replacement Loan
Year ending December 31:					
2016	\$3,812	\$11,464	\$6,209	\$48,934	\$1,264
2017	1,588	11,464	6,182	48,801	1,264
2018		2,866	6,247	48,940	1,264
2019				48,939	1,264
2020				48,902	1,264
2021-2025				244,495	2,528
2026-2030				244,590	
2031-2035				244,552	
2036-2040				244,535	
Total	\$5,400	\$25,794	\$18,638	\$1,222,688	\$8,848

**VILLAGE OF DILLONVALE
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2015
(Continued)**

6. RETIREMENT SYSTEMS

The Village's employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised code also prescribes contribution rates. For 2015, OPERS members contributed 10%, respectively, of their gross salaries and the Village contributed an amount equaling 14%, respectively, of participants' gross salaries. The Village has paid all contributions required through December 31, 2015.

Four of the Village's employees contributed to social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2016

7. RISK MANAGEMENT

The Village belongs to the Ohio Municipal Joint Self-Insurance Pool, (the "Pool"), an unincorporated non-profit association to municipal corporations and their instrumentalities. The Pool is a separate legal entity per Section 2744 of the Ohio Revised Code. The Pool provides property and casualty insurance for its members. The Pool pays judgments, settlements and other expenses resulting for covered claims that exceed the members' deductibles.

The Pool changed its fiscal year end to March 31, effective in 2011, in order to align its financial reporting and budgeting with the renewal terms of its excess reinsurance policies.

The Pool cedes portions of its gross contribution written to a reinsurer under excess reinsurance agreements in order to limit its losses.

Treaty basis excess-of-loss contracts in force protect the Pool against losses over the retention level; at March 31, 2015 retention levels are \$50,000 and \$100,000 for property and casualty coverages, respectively.

The Pool remains liable to the extent the reinsuring companies are unable to meet their contractual obligations under reinsurance agreements.

The Pool's financial statements (audited by other auditors) conform with generally accepted accounting principles, and reported the following assets, liabilities, and retained surplus at March 31, 2015.

	<u>2015</u>
Assets	\$1,339,719
Liabilities	<u>\$1,051,927</u>
Accumulated Surplus	<u>\$ 287,792</u>

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Village of Dillonvale
Jefferson County
PO Box 546
Dillonvale, Ohio 43917

To the Village Council:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of the Village of Dillonvale, Jefferson, (the Village) as of and for the years ended December 31, 2016 and 2015, and the related notes to the financial statements and have issued our report thereon dated August 21, 2017 wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion(s) on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weakness or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2016-001 to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Entity's Response to Findings

The Village's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Village's response and, accordingly, we express no opinion on it.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State
Columbus, Ohio

August 21, 2017

**VILLAGE OF DILLONVALE
JEFFERSON COUNTY
SCHEDULE OF FINDINGS
DECEMBER 31, 2016 AND 2015**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

FINDING NUMBER 2016-001

Budgetary Measures - Material Weakness

Sound accounting practices require accurately posting estimated receipts and appropriations to the ledgers to provide information for budget versus actual comparison and to allow village council to make informed decisions regarding budgetary matters.

The Village Clerk/Treasurer did not accurately post all budgeted receipts to the accounting system. Variances existed between the amounts per the certificate of estimated resources to the amounts posted to the Uniform Accounting Network (UAN):

FUND	AMOUNT PER CERTIFICATE OF ESTIMATED RESOURCES	AMOUNT PER ACCOUNTING SYSTEM	VARIANCE	PERCENTAGE
2015:				
General	\$85,978	\$92,369	\$6,391	7%
2016:				
General	124,907	144,907	20,000	14%
Street, Maintenance & Repair	24,935	31,935	7,000	22%
State Highway	2,000	3,700	1,700	46%
Water Operating	155,711	180,711	25,000	14%
Sanitation	50,055	55,055	5,000	97%
Security Deposits	(153)	5,758	5,605	9%

In 2016, the Village Clerk/Treasurer did not accurately post all budgeted appropriations to the accounting system:

FUND	BOARD APPROVED APPROPRIATIONS	AMOUNT PER ACCOUNTING SYSTEM	VARIANCE	PERCENTAGE
General	264,720	273,620	8,900	3%
Police Levy	13,800	13,791	9	<1%
Water Operating	270,413	271,677	1,264	<1%
Issue II	2,525	1,264	1,264	100%
Mayors Court	7,226	12,226	5,000	41%

The budgetary note also required adjusting due to the above discrepancies. The Village has made the required adjustment to the budgetary note.

Failure to accurately post authorized budgetary measures to the ledgers resulted in inaccurate budget versus actual information and does not reflect the intentions of Council.

The Village Clerk/Treasurer should post all budgeted receipts and appropriations to the accounting system to allow for Council to make informed budgetary decisions when comparing budget to actual information.

Official's Response: In the future years to come I will do my best to make sure to accurately post all budgeted appropriations and receipts to the accounting system.

**VILLAGE OF DILLONVALE
JEFFERSON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2015**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2014-001	Posting expenditures and receipts	Yes	

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Dave Yost • Auditor of State

VILLAGE OF DILLONVALE

JEFFERSON COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
SEPTEMBER 14, 2017